Honorable President

and Members of the City Council,

Attached is an Ordinance to provide for the designation of an Enhanced Employment Area and to levy a general business occupation tax as requested by the property owner of the Blackstone Hotel, BSHO, LLC. It provides for the administration, imposition and collection of a general occupation tax, as allowed by Nebraska Community Development Law, pursuant to Omaha Municipal Code. The establishment of an Enhanced Employment Area and the use of occupation tax financing was included as part of the Blackstone Hotel Tax Increment Financing Redevelopment Project Plan. The occupation tax will be imposed on the gross receipts resulting from the sale, lease or rental of any products or services, as specified in the ordinance and will be used to repay expenses incurred for authorized work under the Nebraska Community Development Law.

Your favorable consideration is respectfully requested.

Respectfully submitted,

[Signature]
David K. Fanslau
Planning Director

Approved:

[Signature]
Stephen B. Curtiss
Finance Director

Referred to City Council for Consideration:

[Signature]
Mayor's Office/Title

Date
ORDINANCE NO. 41609

AN ORDINANCE providing for the designation of an enhanced employment area; the levy of a
general business occupation tax; providing for the administration, imposition and
collection of such occupation tax; specifying the use of such occupation tax revenue;
and related matters.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OMAHA, NEBRASKA:

Section 1. Findings and Determinations. Pursuant to the Nebraska Community
Development Law, Nebraska Revised Statutes Sections 18-2101 et. Seq., as amended (the
Tax”) provides for the establishment of an enhanced employment area for the purpose of
paying all or any part of the total costs and expenses of the authorized work within an enhanced
employment area. The City is authorized to levy and collect a general business occupation tax
upon businesses and users of space within an enhanced employment area for the purpose of
paying all or any part of the total costs and expenses of a redevelopment project, as allowed by
the Act, within an enhanced employment area.

The City Council approved and adopted the Blackstone Hotel Tax Increment Financing
Redevelopment Project Plan on September 11, 2018 for the complete rehabilitation, conversion
and restoration of the historic Blackstone Hotel into an upper, upscale, 205 room full-service
boutique hotel with various hotel amenities including parking (“Redevelopment Project”). The
Redevelopment Project Plan was revised to provide for the designation of an enhanced
employment area, as allowed by the Act and the General Enhanced Employment Tax. The City
Council approved the Blackstone Hotel Tax Increment Financing Redevelopment Project Plan
on September 11, 2018 (the “Redevelopment Plan”).

Pursuant to the authority granted by Neb. Rev. Stat. §18-2142.02, as amended, and
Chapter 19, Article XVII of the Omaha Municipal Code, and at the request of the property
owner, the City Council determines that it is necessary, desirable, advisable and in the best
interests of the City that a general business occupation tax be imposed within the enhanced
employment area, as designated herein, for the purpose set forth in Chapter 19-901(b) of the
Omaha Municipal Code. The City Council further determines that based on written
undertakings provided by the property owner and the developer, the new investment in the
enhanced employment area satisfies the employment requirements of the Act.

Section 2. Designation of Enhanced Employment Area. The City hereby designates the
area as legally described on Exhibit "A", attached hereto and incorporated herein, as an
"enhanced employment area" as defined under section 18-2103(11) of the Act (the "Enhanced
Employment Area"). The Enhanced Employment Area is within a "substandard and blighted"
area pursuant to section 18-2109 of the Act, and included within and considered a part of a
"community redevelopment area" for the City and the Redevelopment Project meets the
employment requirements under the Act.

Section 3. Occupation Tax Imposed; Collection of Occupation Tax. Commencing
January 1, 2019, and in each calendar month thereafter until the "Occupation Tax Promissory
Note", as defined in the Occupation Tax Agreement, has been paid in full there shall be
imposed a general business occupation tax upon each and every person operating a business
within the Enhanced Employment Area (the "Occupation Tax"). The amount of such
Occupation Tax shall be based on the following business uses taking place within the
Enhanced Employment Area:

1. 3.00% of the gross room revenues of all hotel businesses located in the
   Enhanced Employment Area;

2. 1.95% of food and beverage sales of restaurant businesses located in the
   Enhanced Employment Area;
3. 1.95% of gross retail sales or sales of services for businesses located in the Enhanced Employment Area, provided that such tax shall not affect tenants under leases that pre-date this Ordinance unless and until such leases are extended or renewed;

4. $0.25 per square foot (gross) (which shall increase 3% per year compounding) of commercial office space area not occupied by retail, restaurant, or hotel businesses located in the Enhanced Employment Area; and

5. $120 per apartment per year (which shall increase 3% per year compounding) for each rental apartment located within the Enhanced Employment Area.

Such Occupation Tax shall be imposed on the gross receipts resulting from the sale, lease, or rental of any products, rooms, units, or services within the Enhanced Employment Area, as indicated for the business uses listed above, except that such tax shall not be imposed on any transaction which is subject to tax under sections 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602 or 77-4008, or which is exempt from tax under section 77-2704.24 of the Nebraska Revised Statutes, as amended. The amount of the Occupation Tax shall at all times be subject to such applicable rules and regulations imposed by the State of Nebraska Department of Revenue, regarding the use and imposition of the general business occupation tax authorized by section 18-2142.02 of the Act.

The person engaged in operating a business subject to the Occupation Tax may include the tax on or for the selling price, services rendered, charges incurred, rates, or other consideration received on a bill, statement, receipt, or other similar invoice to the purchaser, but each person engaged in a business shall remain liable for the Occupation Tax imposed by this Ordinance.

Section 4. Tax Cumulative. The levy of the Occupation Tax under this Ordinance is in addition to all other fees, taxes, excises and licenses levied and imposed under any contract or
any other ordinances of the City, in addition to any fee, tax, excise or license imposed by the
State of Nebraska or federal government.

Payment of the Occupation Tax imposed by this Ordinance shall not relieve the person
paying the same from payment of any other tax now or hereafter imposed by contract or
ordinance, including those imposed on any business or occupation carried on, unless otherwise
specified therein. The Occupation Tax imposed by this Ordinance shall be cumulative, except
where otherwise specifically provided.

Section 5. Use of Revenue. The Occupation Tax imposed by this Ordinance, less any
administrative expenses, shall be used to fund any expenditure that is lawfully authorized to be
made under the Act and this Ordinance in connection with the development or the Project,
located within the Enhanced Employment Area.

Section 6. Sunset Provision. The Occupation Tax shall expire only upon full payment of
the "Occupation Tax Promissory Note", as defined in the Occupation Tax Agreement.

Section 7. Effective Date. This Ordinance shall be in full force and take effect 15
(fifteen) days from and after the date of its passage.

INTRODUCED BY COUNCILMEMBER

APPROVED BY:

PASSED OCT 02 2018 0-1

ATTEST:

APPROVED AS TO FORM:

DEPUTY

2018/20327sel
EXHIBIT "A"
Enhanced Employment Area

Legal Description:

Real property in the City of Omaha, County of Douglas, state of Nebraska, described as follows:

3910 Harney Street
3932 Farnam Street
3926 Farnam Street
3922 Farnam Street
4001 Farnam Street
3901 Farnam Suite
3902 Farnam Street
3904 Farnam Street
3908 Farnam Street
3852 Farnam Street
3921 Farnam Street
3909 Farnam Street
4005 Farnam Street
3910 Farnam Street
3929 Farnam Street
3570 Farnam Street
3576 Farnam Street
3578 Farnam Street
3802 Farnam Street
302 South 38th Street
3909 Farnam Street
3814 Farnam Street
3824 Farnam Street
3724 Farnam Street
4007 Farnam Street
4013 Farnam Street
4011 Farnam Street
4009 Farnam Street
139 South 40th Street
3906 Farnam Street
302 South 36th Street
3618 Farnam Street
3719 Farnam Street
3710 Harney Street
3824 Farnam Street
401 South 41st Street
3820 Harney Street
144 South 38th Street
124 South 38th Street
124 South 39th Street
3924 Farnam Street
3913 Farnam Street
3902 Harney Street
406 South 40th Street
Blackstone Hotel
Enhanced Employment Area
Blackstone Hotel
Enhanced Employment Area